

**CIKAPUNDUNG RIVERBANK REVITALIZATION
AS THE IMPLEMENTATION OF CSR AND PROPOSED GREEN MARKETING PLAN
PT.TELKOM**

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Abstract-Telecommunication industry in Indonesia is one of industry with high growth and futuristic. In the era of digital world, telecommunication industry players vying to attract customers with sustainable innovation. Cellular products and service that increase quite rapidly, accounted for mostly revenue stream in telecommunication companies. PT. Telekomunikasi Indonesia or Telkom is an important and big player in Indonesia telecommunication industry. Telkom is a State-Owned Enterprise (SOE) company engaged in telecommunication industry. When compared to others two SOE companies in same field, Telkom has now changed its core business to TIME (Telecommunication Information Media & Edutainment) with branch offices throughout Indonesia. Headquarters is located in Bandung city and become the business center of all activities. Referred to its GCG (Good Corporate Governance), Telkom made the triple bottom line strategy as main strategy to enlarge its share in national, regional even international market. The implementation elements of the environment, social and economic will be redeemable in one are revitalization model. Considering of Telkom headquarters location, Bandung is the pilot project city to improve company image. This good imaging led to sales and trust increases of consumers business activities. The focus of this paper is to give idea of triple bottom line strategy implementation through a CSR (Corporate Social Responsibility) model for marketing 'tools'. The method used is green marketing plan approach because its same elements of triple bottom line. Some corporate strategy, CSR concept and green marketing recommendations will be proposed in this paper. New ideas generated in pilot project model of Cikapundung riverbank slums area revitalization which also an implementation of green marketing plan and triple bottom strategy of Telkom. However, in marketing activities implementation, the strategy has not yet become a conduct core of business activities. The focus of this paper is to give idea of triple bottom line strategy implementation through a CSR (Corporate Social Responsibility) model for marketing 'tools'. The method used is green marketing plan approach because its same elements of triple bottom line.

Keywords: telecommunication, green marketing, CSR, triple bottom line, revitalization and Cikapundung riverbank

1. Introduction

Background

In the last 4 years, economic growth in Indonesia is increasingly and moving rapidly along with the development of the world economy. A globalized world more or less affect the condition of Indonesia, not only in terms of economics but also in terms of environmental, social and cultural. To face the challenges of globalization, filter from, by and for the community in Indonesia itself are needed. One of the key players in the process filter is the state-owned enterprise (SOE) earmarked as a public servant. SOE is one of the generators and stabilizer of the economy that play an important role in Indonesia.

The government then compiled regulation of the Minister of State-Owned Enterprises no. Per-05/MBU/2007 on PKBL (*Program Kemitraan dan Bina Lingkungan*) or community development partnership program that mention the obligation of SOE to set aside 2% of net income after taxes for the public. PKBL is better known as the concept of CSR (Corporate Social Responsibility). From data in

2012, the total profits generated by SOE was Rp134,568 trillion. With the increase that occurred from year to year, there is also supposed to increase welfare society funded from 2% of the total profit. From 13 sectors of SOE, companies with the greatest profit from year to year are include PT Pertamina (Persero), PT PLN (Persero), Bank-Owned Enterprise, Non Banking SOE, PT Telkom Tbk and several other companies.

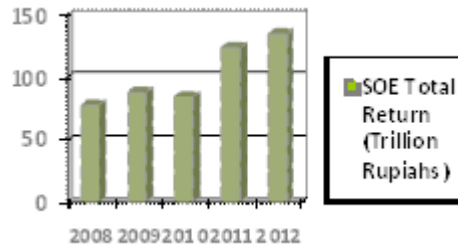


Figure 1.1. SOE Total Return 2008-2012

As one of the SOE that accounted for the largest profits in Indonesia, Telkom is an important player in the economy of Indonesia. PT Telekomunikasi Indonesia, Tbk. (Telkom) is a provider of telecommunication services and networks in Indonesia. To face the challenges with the increasing need for mobility and connectivity without a break, Telkom has expanded its business portfolio which includes telecommunications, information, Media and Edutainment or TIME. Referred to the plan of implementation to corporate culture and business ethics as Telkom's business capital, the concept of CSR should be placed as economic drivers in business lines. Any business activities that determine the amount of income are marketing activities funded with marketing expenses.

Telkom needs to continuously generate profit for the country. On the other hand, Telkom have to harmonize its business concept with triple bottom line strategies and referred to plan of GCG (Good Corporate Governance) long term mentioned several of Telkom's plan until 2015.

2. Business Issue Exploration



Figure 2.1. Conceptual Framework

Sustainable development is a strategy that can be measured from HPI (Happy People Index). It believed that environmental costs of pursuing those goals (happiness and health) can be measured for growing developing countries such as Indonesia. The welfare is measured from its assets or wealth but also aspects of spiritual or comfort in it. Therefore, the SOE as the state company are in charge of advancing the welfare of the community and have a duty to invest in the future. The investment is not only defined as investment in tangible, but also be intangible. These approaches also match with elements of

triple bottom line strategy, environment, social and economic. Thus, Telkom could implemented it in strategies initiatives. From 10 strategies initiatives, only economic and social dimension found in it.

Green Marketing Paradigm

	Conventional Marketing (C)	Green Marketing (G)
Consumers	Consumers with lifestyles	People with lives
Products	"Cradle to Grave"	"Cradle to Cradle"
	Products	Services
	Globally sourced	Locally sourced
	One 'size' fits all	Regionally 'tailored'
Marketing and Communications	Product end-benefits	Values
	Selling	Educating and Empowering
	One-way communication	Creating community
	Paid advertising	Word of mouth
Corporate	Secretive	Transparent
	Reactive	Proactive
	Independent and autonomous	Interdependent / allied with stakeholders
	Competitive	Cooperative
	Departmentalized	Holistic
	Short term-oriented / profit-maximizing	Long term-oriented/triple bottom line

Figure 2.1. Conventional and Green Marketing Paradigm

In new green marketing paradigm, company no longer view people as "consumer" with ability to buy and insatiable appetites for material goods, but as human beings looking to lead full and healthy lives. From 14 criterias of conventional and green marketing, Telkom still has biggest score in conventional marketing paradigm. It means, most of Telkom's marketing activities still implement conventional paradigm about marketing concept. To become eco-company and contribute service with triple bottom line concept, Telkom needs to improve its green marketing paradigm, more than the conventional one

Green Marketing Mix

Green marketing mix is business tools used in green marketing by marketing professionals. Green marketing mix contains the usual marketing mix with modification and become 8concept. The similar elements between service (7P) and green marketing mix (8P) are the main 4P, product, price, place and physical evidence. The other 4P's are different from service marketing mix.

Product

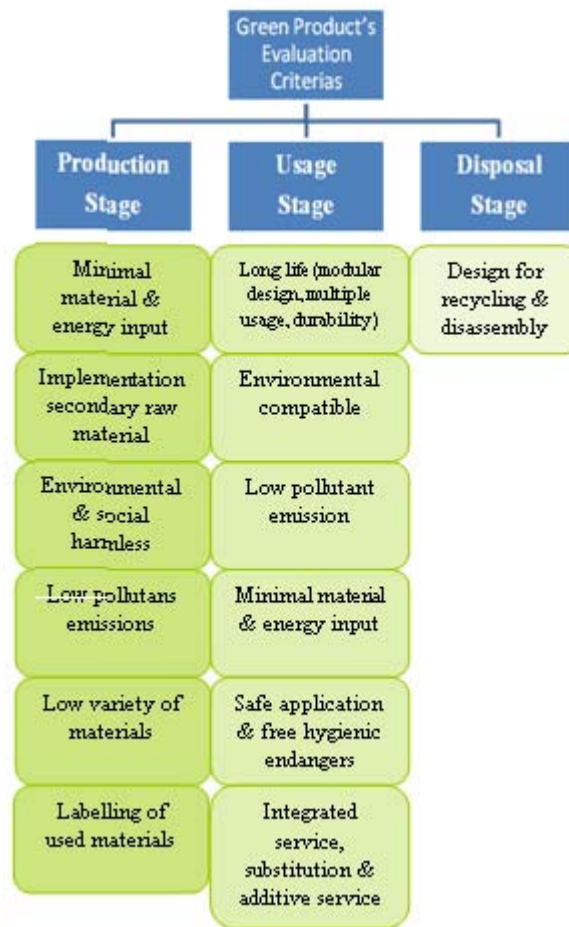


Figure 2.2. Green Product and Service Evaluation Stages

For evaluation and weighting of the environmental and social consequences of Telkom's products, following criterias in each stage are needed to fulfilled. Each group of Telkom's products will be evaluated using 3 stages criteria, production, usage and disposal stage. Telkom's products are offered in 4 categories (TIME) and mostly can not be categorized as a green product. From three evaluation stages which tested on 4 product categories, almost entirely products and services are unfulfilled.

Price

Price for such products may be little higher than conventional one. But with the LOHAS (target), they are willing to pay extra for that. LOHAS stands for Lifestyle of Health and Sustainability. Consumers with the LOHAS segment in Asia known as LOHASians, based in the Asia Pacific region including Australia, China, Hong Kong, India, Indonesia, Malaysia, the Philippines, South Korea and Thailand. Based on the survey conducted from 18,000 correspondents, note that consumers will buy green product with prices up to 20% more expensive than ordinary products. Consumers are willing to pay a 20% higher for green products than conventional one. As SOE companies Telkom needs to consider two important parties, the society and the Government for tariff policy.

Place

The key word is local. It is about managing logistics to cut down on transportation emissions, thereby in effect aiming at reducing the carbon footprint. The focus is basically on resources (raw material, energy) or environmental related facts (emissions, waste). More distance means more energy uses. Telkom as

telecommunications companies that rely on the internet and high-tech devices, did not rely on physical transportation to distribute its products and service. This avoids shipping of the product and service from far away, also reducing shipping cost and more importantly, the consequent carbon emission by the ships and other modes of transport. However, to run some business activities and operations, Telkom continues to give effect to the environment in terms of carbon emissions (CO₂) from the use of fuel for vehicles, travel agency activities and other electrical energy consumption for office buildings.

Promotion

Promotion in the transformation into eco-company requires special requirements on the target sales. Furthermore, the fact that a company spends on environmental protection expenditures should be advertised.. Material selection of environmentally friendly and effective manner is a key word for green promotion. Market-oriented sustainable communication or promotion informs about eco and social acceptable products. Its also contain sustainable behaviour of a business as well as about further important sustainable facts. The success key is by combining a strong brand and independent accredited eco-label through instruments : advertising, sales promotion, personal selling, direct marketing and public relations. Of the many types of promotions done by Telkom, mostly do not use the concept of green or ecological promotion. Telkom still rely on print media, flyers and brochures for the latest products and promotions. Distribution of flyers and brochures in places of strategic public and leave the junk paper that the amount is not a little. Every product launch and discount promo done, Telkom scored tens of thousands of brochures for distribution throughout Indonesia. Billboards mounted on the corners of Indonesia can also be waste that can not be processed. This is because the billboard mounting competition with competitors, in particular on mobile products. Design advertisement without conten of ecological concept and does not display the contents of the environmental and social community. The design that been used by Telkom, has pure contains products and services

Publics

Publics refer to external and internal groups involved in the program. Internal publics are those who are involved in the green program while external publics include the target audience, secondary audiences, policymakers and gatekeepers. All parties who are members of the green programs participated, responsible and invest in this program. Green activites.

Policy

To make the green program, company also require green policies. Green policy used to equate the vision and mission of the company and its stakeholders. Individual and company behaviour needed to be motivated to change their old habits to green one. For that the company needs to create sustainable social marketing programs to support the changes in long term. Telkom has a green policies that include environmental and social fields. Policies not directly related to the planning and creation of products and services. But these policies which made to business activities has purposed to decrease environmental damage and also to support the Government program of environment preservation. performed by Telkom to date consists of two kinds of activities, i.e. internal and external. Both activities enshrined green policies set by the level of management

Partnership

To implement green initiatives and activites, green companies require other parties to assist in its implementation. Community is one of an effective group to team up strengthens the chance of efficacy. Community is a reflection of society can become a mirror for the large companies. Telkom carried out partnership programs to encourage economic growth and development in communities. Program's

objective is to relate, either directly or indirectly, Telkom's main business and community's economic activities. Telkom apply programs not build community.

Purse Strings

This relates to the costs and funding of the green acts. Funding is planned and estimates by companies. Funding can be done by external and internal. Estimation of costs do not exceed the usual strategic cost incurred by the company as disadvantage financially. Referred to regulation of the Minister of State-Owned Enterprises No. 4 Of 2007, mentioned in Chapter III, verse 1 and 2 that the funding for the partnership and community development program, each is a maximum of 2% of profit after tax. . However the regulations governing funding of CSR programs for SOE company. Funding for green marketing acts himself, handed back at each company

Green Portfolios

Impact / Profitability Portfolio



Figure 2.3. Telkom Impact/Profitability Portfolio

Impact / Customer value portfolio

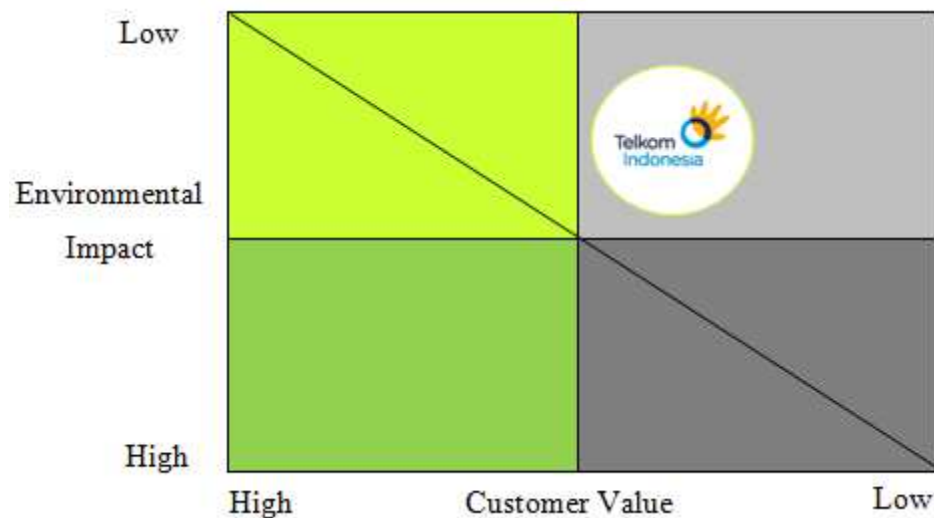


Figure 2.4. Telkom Impact / Customer Value Portfolio

CSR

There are several definitions of CSR, such as: *“Corporate social responsibility is a commitment to improve community well-being through discretionary business practice and contributions of corporate resources.”* Under the corporate social responsibility umbrella, Philip Kotler and Nancy Lee in *Corporate Social Responsibility – Doing The Most Good For Your Company and Your Cause* define the term corporate social initiatives describes major efforts by :

“Corporate social initiatives are major activities undertaken by a corporation to support social causes and to fulfill commitments to corporate social responsibility.”

On organizational sustainability, Telkom put CSR concept on its role modelling, business ethics and core values. This is what they called organizational beliefs. CSR is becoming Telkom's culture that adopted by all organizational structure. Telkom launched Sustainability Report every year to show its transparency to every stakeholders. Telkom based on its CSR concept, implemented corporate philanthropy as main corporate social initiative through some programs. Also other corporate social marketing, socially responsible business practice, community volunteering.

Proposed Telkom strategic initiatives with ecological dimension :

- Eco-company positioning is the new competitive advantage
- Established excellent leadership and stewardship in conserving and protecting environment
- Minimizing emissions and maximizing improvement of business environment
- Alignment of triple bottom line strategy in business units
- Investing in efficient and renewable energy development
- Environmental impact and friendliness as new portfolios
- Implement a new CSR modelling can be a tool of Cause-Related Marketing strategy that based on triple bottom lines strategy.
- Act proactive for the visible cooperation in environment and social phenomena and problems.
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Long term plan strategy is to become a parent company with triple bottom line strategy / eco-company in 2013 and become eco-group in 2018 by implementing those strategy to all subsidiaries.

Change conventional to green marketing paradigm by :

- Invest in high technology system with low environment impact.
- Reuse-recycle-remanufacture for the unused materials
- Use *“Solid, Speed, Smart and Saf”* as new values
- Educate & empowering the consumer about 3 elements, environment, social and economic
- Form new communities which refer to the triple bottom line strategies.

3. Business Solution



Figure 3.1. Business Solution Framework

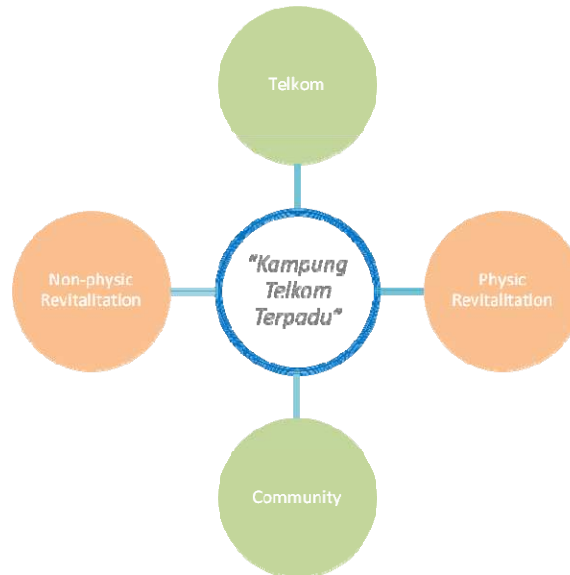


Figure 3.2. "Kampung Telkom Terpadu" Model

To achieve that, Telkom could implement revitalization as the new CSR model. Revitalization of slums area is a right-on-target approach since slums area has 3 same elements of problems, enviroment, economic and social. This new model named "Kampung Telkom Terpadu" (KTT). The chosen area is slums on Cikapundung riverbank, Bandung. The scope of CSR area this model is partially RW 10, 11 and 15 on RT 20 Taman Sari sub-district

There are 300 residences divided into :

- 65 Residentials on RW 10 filled by 75 families.
- 150 Residentials on RW 15 filled by 300 families.
- 85 Residentials on RW 11 filled by 100 families.
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Figure 3.3. Research Study Area Scope

Kampung Terpadu Telkom As Green Product / Service

The purpose of this development is not to get the internet user directly or customer because residents in this area was not part of the Telkom consumer segment. However, the development of products and services in this area aims to attract consumer B2B communities, such as universities and government. Form of green products that can be developed is a "Kampung Wifi dan Elektronik." With free wifi facilities, training to produce green package for Telkom's product and electronic service.

Kampung Telkom Terpadu As Green Place

Amount of pollution produced can be replaced by vegetation replant that serves generate oxygen and reduce air pollution. To that end, Telkom can use KTT as tree planting land on KTT park area

Kampung Telkom Terpadu As Green Promotion

Telkom green promotion can be performed through : Road signage to KTT on Surapati flyover, Signage on KTT area, Telkom Tourism Center, KTT Sport & Education competition, Waste redemption coupons, KTT Ambassador for Telkom, IT workshop for public

Kampung Telkom Terpadu As Green Publics

For internal, propose new division or position : VP/GH Green Strategy Development and staff under ITSS director and SGM of Green CSR Implementation and staff under Enterprise Marketing. External such as KTT residents, local public figure, Tamansari sub-districts residence, local and national government, local communities, student and education institution.

Kampung Telkom Terpadu As Green Partnership

The right partner to work together is communities in the field of environmental, social and entrepreneurship. These communities is one segment and target indirectly to Telkom. Some important figures such as Ridwan Kamil was one of the founders of the community. With mutually beneficial relationships between Telkom and the community, it will attract a new customer to Telkom. Hence it is required that communities can become a long-term partner, not only for KTT. Those communities are : *BikeBdg, Kuliner Bandung Community, Bandung Berkebun, YPBB, Pensil&Kertas, JongArsitek!, Kelas Inspirasi* and many more.

Kampung Telkom Terpadu As Green Policy

This revitalization can be formulated into several new policies related to products and service planning : renewable energy and material for products and services, new product life cycle evaluation stage on ecological, ecodesign for product / service development process, Maximizing process with minimal waste and Use real parameters in product ecological assessment such as MET (Materials Energy Toxic)-Matrix or MECO (Materials, Energy, Chemicals, Others)-Matrix also ERPA (Environmentally Responsible Product Assessment)-Matrix Template.

Kampung Telkom Terpadu's Purse String

Green marketing funding taken from the combination of marketing expense and CSR.

Kampung Telkom Terpadu Physic Revitalization

To accomodate those programs required physical revitalization to facilitate changes in lifestyle community. But the change cannot be performed in its entirety, measures such gradual development is required. At each stage the necessary expertise and a different allocation of costs. Development of physical KTT area is required a gradual socialization with persuasive way. The facilities built according to a questionnaire that was distributed to KTT residents are information center, sport and fun center, education center, creative corner, public space, green garden and public sanitary facilities.

To revitalize the area, long-term process is needed. Thus the process of revitalization, especially physical, is divided into several stages. Those phases illustration can be seen on Appendix. Stages of physical revitalization of KTT area is divided into:

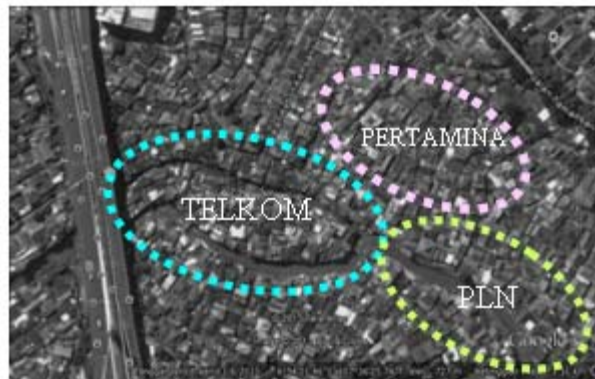
- Development on Phase 1. Duration: 1 year (2014)
- Development on Phase 2. Duration: 2 years (2015-2016)
- Development on Phase 3. Duration: 3 years (2016-2019)

The illustration of revitalization phases can be seen on Appendix.

Long Term Plan

KTG will set up as pilot project of Telkom on CSR model which is the implementation of green marketing plan. This pilot project can be an example for other companies from different fields of business. Other SOE company with the same responsibilities and ownership can use CSR model as a reference that is adapted to the conditions of the respective company.

The Government of Indonesia through the Ministry of SOE can devise strategies to motivate companies and other companies to be economic, social and environment drivers in Indonesia. An example is the procurement of SOE awards based on green CSR models in some slum in Indonesia. It will also reduce the number of slums in Indonesia. The assessment will be focused on the implementation of green CSR models from each company. The survey may be held directly to the residents of each region as part of the assessment. The Ministry of SOE can also cooperate with the Ministry of Environment, the Ministry of Social and Public Works that relates to each other in this field.



4. Implementation

There is no other telecommunication company has concerned about this issue. All of them only joined the tariff price war that considered as the most important action to do. But if Telkom be the first mover of this strategy and plan, it could be a competitive advantage for Telkom itself. This could be the new value of Telkom for its customers.

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APPENDIX



Propose Facilities Placement On Phase 1

Source : *Design Illustration, 2013*



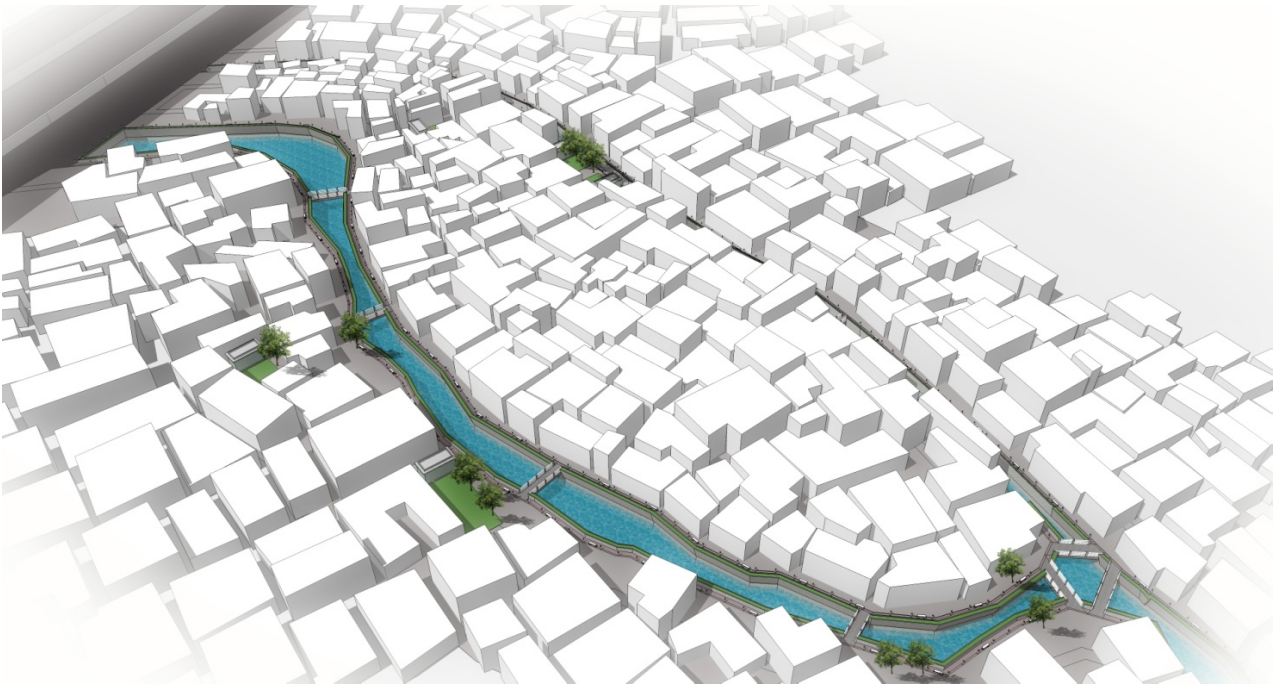
Masterplan Of Development Phase 2 Illustration

Source : *Design Illustration, 2013*



Masterplan Of Development Phase 3 Illustration

Source : *Design Illustration, 2013*



Perspective Illustration of Development Phase 1



Perspective Illustration of Development Phase 2



Perspective Illustration of Development Phase 3



Perspective Illustration of Cikapundung Riverbank
revitalization on final phase.